



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING

MARIANNE UDOW
DIRECTOR

March 12, 2007

The Honorable Bill Hardiman, Chair
Senate Appropriations Subcommittee on DHS
915 Farnum Building
P.O. Box 30036
Lansing, MI 48909-7536

The Honorable Dudley Spade, Chair
House Appropriations Subcommittee on DHS
Michigan House of Representatives
Lansing, MI 48909-7514

Dear Senator Hardiman and Representative Spade:

Section 218(1) of 2006 Public Act No. 345 requires the Department of Human Services to prepare an annual report on the status of the Temporary Assistance for Needy Families (TANF) federal block grant. Our report for Fiscal Year 2007 is attached.

The attached report shows Michigan's projected TANF utilization and state spending countable against the TANF maintenance of effort (MOE). While DHS is the single state agency responsible for this federal block grant, TANF revenues are budgeted in other state agencies as well. For Fiscal Year 2007, TANF revenues were appropriated to the Department of Labor and Economic Growth, the Department of Community Health and the Supreme Court. The attached report provides the assumptions contained in the 2008 Executive Budget which includes adjustments to enacted FY 2007 appropriations, including Executive Order and supplemental appropriation revisions.

In FY 2007, DHS direct spending of TANF is estimated at \$523.74 million. In addition, we expect to transfer \$27.0 million to the Social Services Block Grant and \$130.0 million to CCDF (the Child Care Development Fund).

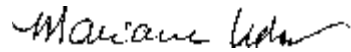
The report reflects that all available funding will be fully expended in the current fiscal year with no balance available to be carried forward to Fiscal Year 2008.

The state maintenance of effort (MOE) requirement is assumed at the 75% level. A substantial portion of the required MOE spending is authorized and appropriated within the DHS budget. Combined General Fund spending in the Department of Education for

the School Readiness Program and other School Aid programs comprise the second-largest component of the MOE spending requirement.

If you have any questions regarding this information, please contact Susan Kangas, director of the DHS Budget Division, at (517) 241-2453.

Sincerely,

A handwritten signature in black ink, appearing to read "Marianne Udow", with a stylized flourish at the end.

Marianne Udow

Enclosure

cc: House Appropriations Subcommittee on DHS budget
Senate Appropriations Subcommittee on DHS budget
State Budget Director
House Fiscal Agency
Senate Fiscal Agency
House Policy Offices
Senate Policy Offices

FISCAL YEAR 2007
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/

	Projected TANF Utilization	Projected State
	Direct TANF	Spending Countable
	Draws	Toward TANF MOE
PROJECTED TANF UTILIZATION:		
DEPARTMENT OF HUMAN SERVICES: /4/		
Executive Operations	\$7,146,843	\$2,014,900 /5/
Adult and Family Services	\$26,727,460	\$1,102,000 /5/
Child and Family Services	\$102,782,377	\$294,000 /5/
Juvenile Justice Services	\$81,585,383	\$20,800 /5/
Local Office Staff and Operations	\$87,176,330	\$20,071,500 /5/
Central Support Accounts	\$63,342,784	\$14,697,700 /5/
Public Assistance	\$136,882,683	\$358,989,300 /6/
Community Action and Economic Opportunity	\$1,175,000	\$0
Information Technology	\$16,881,298	\$0
Office of Children and Adult Licensing	\$40,242	\$54,000 /5/
SUBTOTALS, DEPARTMENT OF HUMAN SERVICES	\$523,740,400	\$397,244,200
DEPARTMENT OF LABOR & ECONOMIC GROWTH /7/	\$76,142,500	\$31,000,000 /9/
DEPARTMENT OF COMMUNITY HEALTH /8/	\$18,470,100	\$2,230,000
SUPREME COURT	\$0	\$0
STATEWIDE COST ALLOCATION PLAN	\$0	\$0
DEPARTMENT OF EDUCATION	\$0	\$68,668,800 /10/
DEPARTMENT OF EDUCATION	\$0	\$24,411,300 /11/
COLUMN TOTALS	\$618,353,000	\$523,554,300
PROJECTED TOTAL TANF TRANSFER TO CCDF /2/	\$130,000,000	
PROJECTED TOTAL TANF TRANSFER TO TITLE XX /3/	\$27,000,000	
COST ALLOCATION AND OTHER MISCELLANEOUS ADJUSTMENTS /12/	\$0	
PROJECTED TOTAL TANF UTILIZATION	\$775,353,000	
COMPARISON OF PROJECTED TANF UTILIZATION TO TOTAL BLOCK GRANT AMOUNT		
TOTAL TANF BLOCK GRANT AMOUNT FY 2007 (Continuing Resolution)	\$775,353,000	
PLUS FY 2006 TANF CARRYFORWARD and BONUSES	\$0	
BLOCK GRANT AVAILABLE IN FY 2007	\$775,353,000	
LESS PROJECTED TOTAL TANF UTILIZATION	\$775,353,000	
EQUALS BALANCE OF BLOCK GRANT AVAILABLE	\$0	

FISCAL YEAR 2007
SUMMARY OF PROJECTED T.A.N.F. UTILIZATION AND
STATE SPENDING COUNTABLE AGAINST THE M.O.E. REQUIREMENT /1/

PROJECTED TANF UTILIZATION:

Projected TANF Utilization	Projected State
Direct TANF	Spending Countable
Draws	Toward TANF MOE

MAINTENANCE OF EFFORT SUMMARY

PROJECTED STATE SPENDING COUNTABLE TOWARD THE

T.A.N.F. MAINTENANCE OF EFFORT

\$523,554,300

LESS STATE MAINTENANCE OF EFFORT AT 75 PERCENT,

\$468,518,375

EQUALS PROJECTED MOE SURPLUS/(SHORTFALL)

\$55,035,925

Notes:

- /1/ Temporary Assistance for Needy Families (TANF), Maintenance of Effort (M.O.E.)
- /2/ TANF funds may be transferred to the Child Care and Development Fund (CCDF) pursuant to Sec. 404(d)(1)(b), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.
- /3/ TANF funds may be transferred to the Title XX Social Services Block Grant pursuant to Sec. 404(d)(1)(a), Title I of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The maximum TANF to Title XX transfer amount was restored in FY 2004 to 10% of the available TANF grant of \$775.3M, and remains at that level. The Budget Division has "capped" the TANF to Title XX transfer at \$27.0 million per negotiations with the State Budget Office.
- /4/ Figures for DHS are based on the enacted 2007 budget and certain assumptions concerning supplemental appropriations and Executive Orders. As the single state agency, DHS reports on TANF appropriated directly to other agencies.
- /5/ All State General Fund/General Purpose.
- /6/ State General Fund/General Purpose plus the State share of projected child support collections plus the CCDF MOE in Day Care that can be counted towards TANF MOE.
- /7/ TANF funding in the Department of Labor & Economic Growth currently supports various work-related activities administered by that department. The figure shown reflects the FY 2007 enacted Budget and certain assumptions concerning Executive Orders and supplemental appropriations.
- /8/ TANF funds in DCH support the Family Support Subsidy Program, which provides assistance to families with impaired children. The figure shown reflects the enacted FY 2007 budget and certain assumptions concerning Executive Orders and supplemental appropriations.
- /9/ All private Public Service Commission funding (Low Income & Energy Efficiency Funds) appropriated to the Department of Labor & Economic Growth. DHS has executed an interagency agreement with DLEG to utilize a portion of these funds as TANF MOE spending within the DHS budget.

The purpose of this program is to supplement existing energy assistance programs, enabling the providing organizations to increase the level of assistance provided to clients, serve more clients at the existing assistance levels and under current eligibility guidelines, and/or expand the eligibility requirements to include low-income households not eligible under current eligibility guidelines.
- /10/ General Fund spending in the Department of Education for the School Readiness Program and School Aid Programs and Great Parents/Great Start based on the enacted FY 2007 budget and certain assumptions concerning Executive Orders and supplemental appropriations.
- /11/ The CCDF MOE requirement is being met by counting \$19.5M in GF/GP spending in the DHS budget and \$4.8M of General Fund spending in the Department of Education for Pre-K services (the School Readiness Program). This CCDF MOE can also be counted towards the TANF MOE requirement.
- /12/ Adjustments include cost allocation revisions, write-offs of accounts payable, fraud collections and processing, recoveries through Month 13, recoupment revenue adjustments and other adjustments made to comply with standard accounting practices and regulations.